

**THE SPRINGFIELD INTERNATIONAL
CHARTER SCHOOL**

FINANCIAL STATEMENTS

for the years ended June 30, 2023 and 2022

THE SPRINGFIELD INTERNATIONAL CHARTER SCHOOL

for the years ended June 30, 2023 and 2022

C O N T E N T S

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Financial Statements	
Statements of Net Position.....	8
Statements of Revenues, Expenses, and Changes in Net Position	9
Statements of Cash Flows.....	10
Notes to Financial Statements	11
Schedule of Expenditures of Federal Awards for the year ended June 30, 2023	22
Notes to Schedule of Expenditures of Federal Awards for the year ended June 30, 2023.....	23
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	24
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	26
Schedule of Findings and Questioned Costs for the year ended June 30, 2023	29
Summary Schedule of Prior Audit Findings.....	30
Board Acceptance Letter	31



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
The Springfield International Charter School

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of The Springfield International Charter School, which comprise the statements of net position as of June 30, 2023 and 2022, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise The Springfield International Charter School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of The Springfield International Charter School, as of June 30, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Springfield International Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Springfield International Charter School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Springfield International Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Springfield International Charter School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-7, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The Springfield International Charter School's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2023, on our consideration of The Springfield International Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Springfield International Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Springfield International Charter School's internal control over financial reporting and compliance.

MP P.C.

Springfield, Massachusetts
October 19, 2023

THE SPRINGFIELD INTERNATIONAL CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023 and 2022

The following discussion and analysis of The Springfield International Charter School's (the School) financial performance provides an overview of the School's financial services for the fiscal years ended June 30, 2023 and 2022. Please read it in conjunction with the School's financial statements, which begin on page 8.

The School as a Whole

The School received its initial charter on July 1, 1995 to operate as a public charter school in the Commonwealth of Massachusetts. The charter is awarded in five-year increments and is subject to renewal at the discretion of the Commonwealth of Massachusetts Board of Elementary and Secondary Education. The School's charter was most recently renewed for an additional five years issued March 25, 2020. During fiscal year 2023 and 2022, the School operated kindergarten through grade twelve and the enrollment was comprised of 1,522 and 1,524 students, respectively. At capacity, the School will serve kindergarten through grade twelve and enrollment will be approximately 1,574 students.

Using This Annual Report

This annual report consists of a series of financial statements. In accordance with Governmental Accounting Standards Board No. 34 - *Basic Financial Statement - Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34), the School is considered a special purpose government entity that engages in only business type activities. All of the financial activity of the School is recorded in an enterprise fund within the proprietary fund group. In accordance with GASB No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the School issues a *Statement of Net Position*, a *Statement of Revenues, Expenses and Changes in Net Position* and a *Statement of Cash Flows*. These statements provide information about the financial activities of the School, as a whole. This annual report also contains notes to the financial statements and other information which provides additional information that is essential to a full understanding of the information provided in the basic financial statements and the schedule of federal expenditures, which identifies all of the School's federal funding.

Financial Statements

The *Statement of Net Position* presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the School, as of the end of the fiscal year. The *Statement of Net Position* is a point-in-time financial statement. The purpose of the *Statement of Net Position* is to present a fiscal snapshot of the School to the readers of the financial statements. Assets are resources with present service capacity that the School presently controls. Liabilities are present obligations to sacrifice resources that the School has little or no discretion to avoid. A deferred outflow of resources is a consumption of net assets by the School that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net assets by the School that is applicable to a future reporting period. Net position represents the difference between all other elements in a statement of financial position and is displayed in three components – *net investment in capital assets, restricted* (distinguishing between major categories or restrictions); and *unrestricted*.

THE SPRINGFIELD INTERNATIONAL CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

June 30, 2023 and 2022

Financial Statements – Continued

The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Over time, readers of financial statements will be able to evaluate the School's fiscal health (liquidity and solvency) or financial position by analyzing the increases and decreases in net position to determine if the School's financial health is improving or deteriorating. The reader will also need to consider other non-financial factors such as changes in economic conditions and new or amended charter school legislation when evaluating the overall financial health of the School. This statement is also a good source for readers to determine how much the School owes to vendors and creditors and the available assets that can be used to satisfy those liabilities.

The *Statement of Revenues, Expenses and Changes in Net Position* reports the financial activities (revenue and expenses) of the School and divides it into two categories: Operating activities and Non-operating activities. Operating activities include all financial activities associated with the operation of the School and its related programs. Consequently, all non-operating activities include all financial activities not related to the operation of a charter school. Changes in total net position as presented on the *Statement of Net Position* are based on the activity presented in this statement. This statement helps to determine whether the School had sufficient revenues to cover expenses during the year and its net increase or decrease in net position based on current year operations.

The *Statement of Cash Flows* provides information about the School's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from *operations, investing, and capital and noncapital financing activities* and provides answers to such questions as "from where did cash come?," "for what was cash used?," and "what was the change in the cash balance during the reporting period?" This statement also is an important tool in helping users assess the School's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its needs for external financing.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the information provided in the School's financial statements.

THE SPRINGFIELD INTERNATIONAL CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

June 30, 2023 and 2022

Supplemental Information

The *Schedule of Expenditures of Federal Awards* is presented for the purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The Schedule of Expenditures of Federal Awards can be found on page 22 of this report.

Financial Highlights

The following financial highlights are for the fiscal years 2023 and 2022:

The School held total assets of \$51,954,430 and \$48,552,453 at June 30, 2023 and 2022, respectively, of which \$25,401,547 and \$24,974,743 were net capital assets, respectively and the majority of remaining assets consisted of cash and grants receivable.

The School held total liabilities of \$32,175,138 and \$33,253,829 at June 30, 2023 and 2022, respectively. In fiscal years June 30, 2023 and 2022, there were current and non-current liabilities. In 2023, the School held \$3,867,012 in current liabilities and \$28,308,126 in non-current liabilities. In 2022, the School held \$3,774,839 in current liabilities and \$29,478,990 in non-current liabilities.

Total net position for the School was \$19,760,668 and \$15,285,732 at June 30, 2023 and 2022, respectively, of which \$20,005,842 and \$16,928,512 were unrestricted and \$(245,174) and \$(1,642,780) were for investments in capital assets, respectively. As of June 30, 2023, the Board of Trustees has designated \$2,214,385 of unrestricted net position for future capital assets.

The School earned total revenues of \$28,285,369 and \$25,691,796, (excluding on-behalf pension and in-kind revenues), for the years ended June 30, 2023 and 2022, respectively.

The School had total expenses of \$23,810,433 and \$22,639,016, (excluding on-behalf pension and in-kind expenses) for the years ended June 30, 2023 and 2022, respectively.

The School earned net income of \$4,474,936 and \$3,052,780 for the years ended June 30, 2023 and 2022, respectively.

Budgetary Highlights

For the fiscal year ended 2023, the School incurred \$25,485,967 in actual expenditures (inclusive of capitalized purchases and excluding on-behalf pension and in-kind expenses) compared to budgeted expenditures of \$27,352,628. The reason for the variance between actual and budgeted expenses resulted from the deferred spend out of ESSER grant expenditures to fiscal year 2024.

The School budgeted tuition revenue of \$24,889,662 compared to actual of \$24,158,578. The tuition revenue variance resulted from a 3% decrease in student enrollment. The School takes a conservative approach to budgeting tuition based on the previous years received amounts.

THE SPRINGFIELD INTERNATIONAL CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

June 30, 2023 and 2022

School's Financial Activities

The majority of the School's funding is received from the Commonwealth of Massachusetts Department of Elementary and Secondary Education and is based on a standard rate per pupil. The School received \$24,158,578 in per pupil funding in fiscal year 2023, versus \$21,466,048 in per pupil funding in fiscal year 2022. This represents 85.4% and 83.6% of the School's revenue for the years ended June 30, 2023 and 2022, respectively. In addition, the School received various federal and Commonwealth of Massachusetts grants, which totaled \$3,515,817 and \$4,092,142 for fiscal years 2023 and 2022, respectively.

Contacting the School's Financial Management

This financial report is designed to provide the reader with a general overview of the School's finances and to show the accountability for the funds received. If you have questions about this report or need additional financial information, contact the Business Office of the School.

THE SPRINGFIELD INTERNATIONAL CHARTER SCHOOL

STATEMENTS OF NET POSITION

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current assets		
Cash and cash equivalents.....	\$ 20,738,915	\$ 17,473,947
Grants receivable.....	<u>623,886</u>	<u>592,709</u>
Total current assets.....	<u>21,362,801</u>	<u>18,066,656</u>
Noncurrent assets		
Capital assets, net.....	<u>25,401,547</u>	<u>24,974,743</u>
Total noncurrent assets.....	<u>25,401,547</u>	<u>24,974,743</u>
Deferred outflows of resources		
Deferred charge on refunding.....	<u>5,190,082</u>	<u>5,511,054</u>
Total deferred outflows of resources.....	<u>5,190,082</u>	<u>5,511,054</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....	<u>\$ 51,954,430</u>	<u>\$ 48,552,453</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current Liabilities		
Accounts payable.....	\$ 308,902	\$ 222,537
Accrued expenses.....	628,058	645,260
Accrued compensation.....	1,759,188	1,791,178
Bonds payable, current portion.....	<u>1,170,864</u>	<u>1,115,864</u>
Total current liabilities.....	3,867,012	3,774,839
Bonds payable, net of current portion.....	<u>28,308,126</u>	<u>29,478,990</u>
Total liabilities.....	<u>32,175,138</u>	<u>33,253,829</u>
Deferred Inflows of Resources		
Revenues for future periods.....	<u>18,624</u>	<u>12,892</u>
Net position		
Investment in capital assets, net of related debt.....	(245,174)	(1,642,780)
Unrestricted.....	<u>20,005,842</u>	<u>16,928,512</u>
Total net position.....	<u>19,760,668</u>	<u>15,285,732</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION.....	<u>\$ 51,954,430</u>	<u>\$ 48,552,453</u>

See notes to financial statements.

THE SPRINGFIELD INTERNATIONAL CHARTER SCHOOL

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

for the years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating revenues		
Student tuition.....	\$ 24,158,578	\$ 21,466,048
Federal and state grants.....	3,515,817	4,092,142
Educational fees.....	97,992	72,896
On-behalf pension.....	2,238,484	1,743,738
In-kind meals.....	758,904	460,119
In-kind transportation.....	2,554,535	2,666,914
Other income.....	<u>333</u>	<u>693</u>
Total operating revenue.....	<u>33,324,643</u>	<u>30,502,550</u>
Operating expenses		
Salaries.....	11,631,738	10,742,658
Payroll taxes.....	411,314	337,474
Fringe benefits.....	2,103,926	1,474,260
Classroom and other supplies.....	684,633	1,217,587
Office supplies, postage and expense.....	220,696	169,872
Advertising.....	55,246	49,777
Board of trustees expense.....	10,015	7,791
Professional services.....	172,835	140,150
Travel.....	3,946	1,479
Depreciation.....	1,248,730	1,120,472
Telephone.....	31,263	21,749
Repairs, maintenance, and supplies.....	780,098	600,069
Occupancy costs.....	418,821	381,878
Insurance.....	80,547	79,704
Grant programs.....	3,555,820	4,109,083
Extra curricular activities.....	357,531	212,176
After school program.....	2,508	2,557
Computer expense.....	239,173	161,787
Staff development.....	16,654	3,116
Student testing.....	15,616	17,425
Payroll service charge.....	82,213	51,844
Bank fee.....	252	
On-behalf pension.....	2,238,484	1,743,738
In-kind expense.....	<u>3,313,439</u>	<u>3,127,033</u>
Total operating expenses.....	<u>27,675,498</u>	<u>25,773,679</u>
Operating income.....	<u>5,649,145</u>	<u>4,728,871</u>
Nonoperating revenue (expense)		
Interest income.....	512,649	60,017
Interest expense.....	<u>(1,686,858)</u>	<u>(1,736,108)</u>
Total nonoperating expense.....	<u>(1,174,209)</u>	<u>(1,676,091)</u>
Change in net position.....	4,474,936	3,052,780
Net position, beginning of year.....	<u>15,285,732</u>	<u>12,232,952</u>
Net position, end of year.....	<u>\$ 19,760,668</u>	<u>\$ 15,285,732</u>

See notes to financial statements.

THE SPRINGFIELD INTERNATIONAL CHARTER SCHOOL

STATEMENTS OF CASH FLOWS

for the years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Receipts from student tuition.....	\$ 24,158,578	\$ 21,466,048
Receipts from federal and state grants.....	3,490,372	3,829,791
Receipts from educational fees.....	97,992	72,896
Receipts from other income.....	333	693
Payments to employees.....	(11,455,496)	(10,597,870)
Payments to vendors and suppliers.....	(9,468,040)	(8,625,263)
Net cash provided by operating activities.....	<u>6,823,739</u>	<u>6,146,295</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets.....	(1,675,534)	(391,404)
Payments on bonds payable.....	(1,030,000)	(985,000)
Interest paid on capital debt.....	(1,365,886)	(1,415,135)
Net cash used in capital and related financing activities.....	<u>(4,071,420)</u>	<u>(2,791,539)</u>
Cash flows from investing activities:		
Interest on cash and cash equivalents.....	512,649	60,017
Net cash provided by investing activities.....	<u>512,649</u>	<u>60,017</u>
Net change in cash and cash equivalents.....	3,264,968	3,414,773
Cash and cash equivalents, beginning of year.....	<u>17,473,947</u>	<u>14,059,174</u>
Cash and cash equivalents, end of year.....	<u>\$ 20,738,915</u>	<u>\$ 17,473,947</u>
Reconciliation of the income from operations to net cash provided by operating activities:		
Adjustments to reconcile the income from operations to net cash provided by operating activities:		
Income from operations.....	\$ 5,649,145	\$ 4,728,871
Depreciation.....	1,248,730	1,120,472
Bond premium.....	(85,864)	(85,864)
(Increase) decrease in operating assets		
Grants receivable.....	(31,177)	(263,127)
Increase (decrease) in operating liabilities		
Accounts payable.....	86,365	(102,406)
Accrued expenses.....	(49,192)	747,573
Deferred revenue.....	5,732	776
Net cash provided by operating activities.....	<u>\$ 6,823,739</u>	<u>\$ 6,146,295</u>

See notes to financial statements.

THE SPRINGFIELD INTERNATIONAL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

1. **Nature of Organization**

The Springfield International Charter School (the “School”) (formerly known as SABIS International Charter School) was established on July 1, 1995 after receiving their charter from the Commonwealth of Massachusetts under Chapter 71 Section 89 of the General Laws of Massachusetts. The School’s charter is awarded in five year increments and is subject to renewal at the discretion of the Commonwealth of Massachusetts Department of Elementary and Secondary Education (DESE). The School’s charter was most recently renewed in March 2020 and expires June 30, 2025.

On July 1, 2021, the School changed its name to The Springfield International Charter School.

The School has one location in Springfield, Massachusetts and offers children in the city of Springfield in grades kindergarten through twelve, a public supported academic education. The School served 1,522 and 1,524 students during fiscal years 2023 and 2022, respectively. The School had a maximum capacity of 1,574 students for both years.

The School’s mission is a college preparatory school that provides top-quality education on a non-selective basis to children of different races, religions, nationalities and backgrounds. It teaches these children to perform to the best of their ability, to achieve academic excellence in a global context, and prepares graduates to attend colleges and universities. The School develops and strengthens students’ ethical, moral, and civic values thus molding men and women with the knowledge, skills, and social judgment they will need to face the challenges of the times. The School believes those students with a Springfield International Charter School education, especially in a multicultural setting, will be able to provide leadership throughout the world.

2. **Summary of Significant Accounting Policies**

The accounting policies of the School conform to accounting principles generally accepted in the United States as applicable to governmental units. The following is a summary of the School’s significant accounting policies:

Financial Statement Presentation

The School, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statement - and Management’s Discussion and Analysis - for State and Local Governments*, is considered a special purpose governmental entity that engages in only business-type activities and is not a component unit of another governmental entity. Therefore, the financial statements are prepared using the accrual basis of accounting and all of the activity is recorded in the enterprise fund. The School’s financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position and a Statement of Cash Flows.

THE SPRINGFIELD INTERNATIONAL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Continued

Basis of Accounting

The accrual basis of accounting is used for all governmental entities that operate as business type entities. Accordingly, revenue is recognized when earned and capital assets and expenditures are recorded when received and incurred, respectively.

Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the School has elected to apply the provisions of all relevant pronouncements of Financial Accounting Standards Board (FASB) that do not conflict with or contradict GASB pronouncements.

Cash and Cash Equivalents

For the purposes of the Statement of Net Position and the Statement of Cash Flows, the School considers all short term investments with an original maturity of three months or less to be cash equivalents.

Receivables

Receivables are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realized losses on balances outstanding at year-end will be immaterial.

Capital Assets

Furniture and equipment are recorded at cost, if purchased, or at fair market value at the date of donation. Capital assets purchased with a cost or value equal to or greater than \$5,000 are capitalized. Depreciation is computed on the straight-line basis using estimated useful lives of 5 years for computers, 7 years for furniture, fixtures, and equipment, 5-30 years for building improvements, and 40 years for buildings and building additions. Depreciation expense of \$1,248,730 and \$1,120,472 was recorded for each of the years ended June 30, 2023 and 2022, respectively.

Deferred Inflows and Outflows of Resources

In addition to assets and liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows and outflows of resources. These separate financial statement elements represent an acquisition or disbursement of net position that applies to a future period(s) and so will not be recognized until that time.

THE SPRINGFIELD INTERNATIONAL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Continued

Bonds and Related Premiums and Debt Issuance Costs

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium. Pursuant to GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, debt issuance costs are expensed when incurred.

Classification of Net Position

The following are the net position classifications:

- Net Investment in Capital Assets – book value of capital assets net of any related debt.
- Restricted – amounts that can be spent only for specific purposes because of externally imposed restrictions by grantors and contributors.
- Unrestricted – portion of funds to support operations.

The School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Operating Revenue and Expenses

Operating revenue and expenses generally result from providing educational and instructional services in connection with the School's principal ongoing operations. The principal operating revenues include tuition and Federal and Commonwealth of Massachusetts grants. Operating expenses include educational costs, administrative expenses and depreciation on capital assets. All other revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Tax Status

The School was established under a Charter granted by the Commonwealth of Massachusetts Department of Education and operates as part of the Commonwealth of Massachusetts and is therefore generally exempt from income taxes under Section 115 of the Internal Revenue Code.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

THE SPRINGFIELD INTERNATIONAL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Continued

Subsequent Events

The School has evaluated subsequent events through October 19, 2023, the date the financial statements were available to be issued.

3. *Deposits with Financial Institutions*

The School maintains its cash balances in one financial institution. The balances at times may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit per financial institution. Management acknowledges the possibility of risk in this arrangement; however, the size and longevity of the depository institution minimizes such risk. In addition, the financial depository is a Massachusetts Chartered Savings Bank that maintains additional insurance through the Depositors Insurance Fund (DIF), a private industry-sponsored insurance company.

As required by GASB No. 40, Deposits and Investment Risk Disclosures, the following represents a summary of deposits as of June 30,:

	<u>2023</u>	<u>2022</u>
FDIC insured deposits	\$ 250,000	\$ 250,000
DIF insured deposits	<u>20,624,021</u>	<u>17,343,293</u>
	<u>\$ 20,874,021</u>	<u>\$ 17,593,293</u>

4. *Board Designated Net Position*

As of June 30, 2023, the Board of Trustees has designated \$2,214,385 of unrestricted net position for future capital assets.

5. *Donated Food Service and Transportation*

For the years ended June 30, 2023 and 2022, the School received \$3,313,439 and \$3,127,033, respectively, in donated food services and transportation from The Springfield School District.

6. *Concentration of Revenue*

DESE provided 99% of the funding to the School for each of the years ended June 30, 2023 and 2022, through a per pupil reimbursement and Federal and Commonwealth of Massachusetts grants.

THE SPRINGFIELD INTERNATIONAL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Continued

7. Capital Assets

Changes in capital assets during fiscal years 2023 and 2022 are as follows:

	Balance 07/01/22	Additions	Deletions	Balance 06/30/23
Equipment	\$ 685,710	\$ 49,453		\$ 735,163
Computers and software	2,226,118	156,328		2,382,446
Vehicles	166,226	17,000		183,226
Furniture and fixtures	829,485	36,009		865,494
Building	24,500,000			24,500,000
Building improvements	10,173,122	1,416,744		11,589,866
Land	1,000,000			1,000,000
Total capital assets	<u>39,580,661</u>	<u>1,675,534</u>		<u>41,256,195</u>

Less accumulated depreciation:

Equipment	(611,927)	(21,311)		(633,238)
Computers and software	(1,915,153)	(140,549)		(2,055,702)
Vehicles	(136,894)	(21,254)		(158,148)
Furniture and fixtures	(769,441)	(18,824)		(788,265)
Building	(9,482,476)	(729,421)		(10,211,897)
Building improvements	(1,690,027)	(317,371)		(2,007,398)
Total accumulated depreciation	<u>(14,605,918)</u>	<u>(1,248,730)</u>		<u>(15,854,648)</u>
Net capital assets	<u>\$ 24,974,743</u>	<u>\$ 426,804</u>	<u>\$</u>	<u>\$ 25,401,547</u>

	Balance 07/01/21	Additions	Transfers/ Deletions	Balance 06/30/22
Equipment	\$ 632,776	\$ 52,934		\$ 685,710
Computers and software	2,151,308	74,810		2,226,118
Vehicles	166,226			166,226
Furniture and fixtures	806,050	23,435		829,485
Building	24,500,000			24,500,000
Building improvements	7,823,615	79,881	\$ 2,269,626	10,173,122
Land	1,000,000			1,000,000
Construction in progress	2,109,282	160,344	(2,269,626)	
Total capital assets	<u>39,189,257</u>	<u>391,404</u>		<u>39,580,661</u>

Less accumulated depreciation:

Equipment	(594,876)	(17,051)		(611,927)
Computers and software	(1,787,648)	(127,505)		(1,915,153)
Vehicles	(117,341)	(19,553)		(136,894)
Furniture and fixtures	(753,918)	(15,523)		(769,441)
Building	(8,753,055)	(729,421)		(9,482,476)
Building improvements	(1,478,608)	(211,419)		(1,690,027)
Total accumulated depreciation	<u>(13,485,446)</u>	<u>(1,120,472)</u>		<u>(14,605,918)</u>
Net capital assets	<u>\$ 25,703,811</u>	<u>\$ (729,068)</u>	<u>\$</u>	<u>\$ 24,974,743</u>

THE SPRINGFIELD INTERNATIONAL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Continued

8. Bonds Payable

On August 13, 2015, the School borrowed \$34,935,000 in Series A 2015 Tax Exempt Revenue Bonds with an average interest rate of 4.5% to advance refund \$31,425,000 of outstanding 2009 Series bonds with an average interest rate of 6.0625%. The net proceeds of \$36,781,589 (after payment of \$300,000 in underwriting fees, plus insurance and other issuance costs totaling \$250,488) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2009 Series bonds. As a result, the 2009 Series bonds are considered to be defeased and the liability for those bonds has been removed from the statement of net position. The advance refunding reduced total debt service payments over 24 years by nearly \$4,817,000. This resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$3,791,000. The outstanding principal of the defeased bonds is \$26,605,000 at June 30, 2023 and \$27,350,000 at June 30, 2022.

The Series A 2015 Tax Exempt Revenue Bonds are payable in annual principal installments and interest payments made semi-annually. The bonds bear interest at 4.00% through 2020 and 5.00% through 2040. The bond agreement contains provisions that upon the occurrence and continuance of any Event of Default, as defined in the note agreement, the principal amount of the note together with accrued interest may be declared due and payable immediately. The School is required to maintain a debt service coverage ratio of at least 1.10 measured for each fiscal year and maintain a minimum of 50 days cash on hand measured at the end of the fiscal year. The School was in compliance with these covenants at June 30, 2023 and 2022. The bonds are secured by the building and land located at 160 Joan Street, Springfield MA. At June 30, 2023 and 2022, the outstanding loan balance was \$28,005,000 and \$29,035,000, respectively. Interest costs totaled \$1,451,750 and \$1,501,000 for fiscal years ended June 30, 2023 and 2022, respectively.

The series A 2015 bonds were issued at a premium. The premium is amortized on a straight-line basis over the life of the loan and recorded as interest income in the statement of revenue, expenses and changes in net position. At June 30, 2023 and 2022, the bond premium was \$2,146,589 and accumulated amortization on the premium was \$672,599 and \$586,735, respectively. Interest income for the years ended June 30, 2023 and 2022 was \$85,864 for each year.

The loan balance and related activity for the fiscal year June 30, 2023 is as follows:

	<i>Balance July 1, 2022</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance June 30, 2023</i>	<i>Amounts Due Within One Year</i>
Bonds Payable	\$ 29,035,000		\$ 1,030,000	\$ 28,005,000	\$ 1,085,000
Plus: Bond Premium	1,559,854		85,864	1,473,990	
Bonds Payable, net	<u>\$ 30,594,854</u>	<u>\$</u>	<u>\$ 1,115,864</u>	<u>\$ 29,478,990</u>	<u>\$ 1,085,000</u>

THE SPRINGFIELD INTERNATIONAL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Continued

Bonds Payable, Continued

The loan balance and related activity for the fiscal year June 30, 2022 is as follows:

	<i>Balance</i> <i>July 1, 2021</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance</i> <i>June 30, 2022</i>	<i>Amounts Due</i> <i>Within One Year</i>
Bonds Payable	\$ 30,020,000		\$ 985,000	\$ 29,035,000	\$ 1,030,000
Plus: Bond Premium	<u>1,645,718</u>		<u>85,864</u>	<u>1,559,854</u>	
Bonds Payable, net	<u>\$ 31,665,718</u>	<u>\$</u>	<u>\$ 1,070,864</u>	<u>\$ 30,594,854</u>	<u>\$ 1,030,000</u>

The following debt service requirements to maturity, including principal and interest, are as follows:

Years ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,085,000	\$ 1,400,250	\$ 2,485,250
2025	1,140,000	1,346,000	2,486,000
2026	1,195,000	1,289,000	2,484,000
2027	1,255,000	1,229,250	2,484,250
2028	1,315,000	1,166,500	2,481,500
2029-2033	7,640,000	4,779,750	12,419,750
2034-2038	9,755,000	2,665,750	12,420,750
2039-2040	<u>4,620,000</u>	<u>349,250</u>	<u>4,969,250</u>
	<u>\$ 28,005,000</u>	<u>\$ 14,225,750</u>	<u>\$ 42,230,750</u>

THE SPRINGFIELD INTERNATIONAL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Continued

Bonds Payable, Continued

The debt service coverage ratio and days cash on hand are calculated as follows at June 30, 2023:

Debt Service Coverage Ratio

Net income available for debt service.....	\$ 7,410,524
Debt service requirements.....	2,485,250
	2.98

Calculation of net income available for debt service:

= Gross revenues - operating expenses

Gross revenues:

Total revenues.....	\$ 28,285,369
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Operating expenses:

Total expenses.....	23,810,433
Less: Depreciation.....	(1,248,730)
Less: Debt service on long term indebttness.....	(1,686,858)
	<u>20,874,845</u>
Net income available for debt service.....	<u>\$ 7,410,524</u>

Days Cash on Hand

Total unrestricted cash and cash equivalents.....	\$ 20,738,915
Divided by total operating expenses.....	<u>22,240,731</u>
	0.932
Multiplied by 365.....	<u>365</u>
Days cash on hand.....	<u>340</u>

THE SPRINGFIELD INTERNATIONAL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Continued

9. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The School has only one item that qualifies for reporting in this category, deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources at both June 30, 2023 and 2022 consist of unamortized bond refunding charges of \$7,703,329. Accumulated amortization at June 30, 2023 and 2022 was \$2,513,247 and \$2,192,275, respectively.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents revenue that applies to a future period and will not be recognized until that time. Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are unearned by the School and received before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the School has a legal claim to the resources, the deferred inflow of resources is removed and revenue is recognized. The deferred inflow of resources was \$18,624 representing deferred grant revenue at June 30, 2023, (2022 - \$12,892).

10. Operating Lease

On January 24, 2022, the School entered into a lease agreement to rent office space. Rent is payable on a month-to-month basis in the amount of \$1,400 per month for 24 months. This lease expires June 30, 2024 with an option to renew for an additional two years. Total rent expense for the year ended June 30, 2023 was \$16,800 (2022 - \$52,125). The future lease payment for the year ended June 30, 2024 is \$16,800.

11. Retirement Plan

The School’s teaching staff and certain administrators participate individually in the Massachusetts Teachers’ Retirement System (MTRS). All qualified teachers and administrators are covered by and must participate in MTRS. All qualified teachers and administrators who qualify for the plan, along with the School are exempt from federal social security taxes for these employees. Benefits vest fully after 10 years of qualified employment and an employee may receive retirement benefits after 20 years of service or having reached the age of 55 if the participant (1) has a record of 10 years of creditable service, (2) was first employed by the school after January 1, 1978, (3) voluntarily left school employment on or after that date, and (4) left an accumulated annuity deduction in the fund. This retirement plan requires an employee contribution of eight to eleven percent (depending on the plan and the employment date) of their compensation.

THE SPRINGFIELD INTERNATIONAL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Continued

Retirement Plan, Continued

The MTRS retirement plan, under GASB Statement No.68, *Accounting and Financial Reporting for Pensions*, is required by statute to determine the net pension liability for all participants. The net pension liability for the retirement plan at the June 30, 2022 measurement date was determined by an actuarial valuation prepared as of January 1, 2022 rolled forward to June 30, 2022. The School's share of MTRS net pension liability is \$27,212,383.

12. On-behalf Payments

In accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions*, the School is required to recognize its proportional share of pension revenue and expenses, as reported by MTRS, as on-behalf payments in their financial statements. As of June 30, 2023, the School recognized \$2,238,484 of on-behalf revenues and expenses, (2022 – \$1,743,738).

13. Supplementary Cash Flow Information

Supplemental cash flow information is as follows:

	<u>2023</u>	<u>2022</u>
Cash paid during the year for:		
Interest	\$ 1,451,750	\$ 1,501,000

14. Related Parties

There are no related party transactions that require disclose in fiscal year 2023 and 2022.

15. Contingencies

Litigation

The School is involved in disputes or threatened litigation with the former management company. These matters, if resolved adversely against the School, may result in monetary damages. The resolution or settlement of these matters is inherently difficult to predict.

THE SPRINGFIELD INTERNATIONAL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Continued

Contingencies, Continued

Grant Funding

The School is subject to an audit of its Commonwealth of Massachusetts and Federal funding and as such, if determined that funds are not expended in accordance with the grant agreements, the grantor agency has the right to recapture these funds. Therefore, final acceptance of costs incurred under these grants and contracts resides with the grantors. As of the date of these statements, the materiality of adjustments to final costs, if any, cannot be determined and management does not anticipate any adjustments.

Cumulative Surplus Revenue

Effective July 1, 2010 any cumulative surplus revenue generated by the School must comply with M.G.L. c. 71, §89 (as amended by Chapter 12 of the Acts of 2010 under §7 (hh)). In accordance with this legislation and subsequent DESE regulations, if the School's cumulative surplus revenue, as defined, exceeds 20% of its operating budget and its budgeted capital costs for the succeeding fiscal year, the amount in excess of said 20% shall be returned by the School to the sending district or districts and the Commonwealth in proportion to their share of tuition paid during the fiscal year. Management does not anticipate any repayment for fiscal year 2023.

THE SPRINGFIELD INTERNATIONAL CHARTER SCHOOL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

for the year ended June 30, 2023

Federal Grantor/Pass-through Grantor Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Education: Pass-through from Massachusetts Department of Education:			
Title I - Grants to Local Educational Agencies.....	84.010	305-698848-2023-0441	\$ 654,370
	84.010	305-555862-2022-0441	92,525
			<u>746,895</u>
Title IIA - Supporting Effective Instruction State Grants.....	84.367	140-698850-2023-0441	74,094
	84.367	140-555873-2022-0441	49,522
			<u>123,616</u>
Title III - English Language Acquisition State Grants.....	84.365	180-698858-2023-0441	16,561
Title IV - Student Support and Academic Enrichment Program.....	84.424	309-698859-2023-0441	42,934
	84.424	309-555885-2022-0441	56,554
			<u>99,488</u>
COVID 19 - Education Stabilization Fund Program			
Elementary and Secondary School Emergency Relief Fund.....	84.425D	332-677912-2023-0441	155,801
	84.425D	440-682169-2023-0441	136,336
	84.425D	119-585350-2022-0441	1,107,720
	84.425D	115-524616-2022-0441	654,184
American Rescue Plan - Homeless Children and Youth.....	84.425W	302-616645-2022-0441	12,173
			<u>2,066,214</u>
Special Education Cluster			
Special Education - Grants to States.....	84.027	240-718863-2023-0441	386,823
COVID 19 - Special Education - Grants to States.....	84.027	252-575044-2022-0441	903
Special Education - Preschool Grants.....	84.173A	262-718864-2023-0441	2,171
Total Special Education Cluster.....			<u>389,897</u>
Total U.S. Department of Education.....			<u>3,442,671</u>
U.S. Department of Treasury: Pass-through from Massachusetts Department of Education:			
Improving Ventilation and Air Quality Grant.....	21.027	209-747103-2023-0441	<u>35,878</u>
Total U.S. Department of Treasury.....			<u>35,878</u>
Total Expenditures of Federal Awards.....			<u>\$ 3,478,549</u>

See notes to schedule of expenditures of federal awards

THE SPRINGFIELD INTERNATIONAL CHARTER SCHOOL
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the year ended June 30, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of The Springfield International Charter School under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of The Springfield International Charter School, it is not intended to and does not present the financial position, changes in net position, or cash flows of The Springfield International Charter School.

2. Summary of Significant Accounting Policies

Expenditures

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The Springfield International Charter School has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees of
The Springfield International Charter School

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of The Springfield International Charter School, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise The Springfield International Charter School's basic financial statements, and have issued our report thereon dated October 19, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Springfield International Charter School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Springfield International Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of The Springfield International Charter School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Springfield International Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Springfield, Massachusetts
October 19, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees of
The Springfield International Charter School

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Springfield International Charter School's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on The Springfield International Charter School's major federal program for the year ended June 30, 2023. The Springfield International Charter School's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Springfield International Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Springfield International Charter School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of The Springfield International Charter School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to The Springfield International Charter School's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Springfield International Charter School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about The Springfield International Charter School's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The Springfield International Charter School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Springfield International Charter School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of The Springfield International Charter School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

MP
P.C.

Springfield, Massachusetts
October 19, 2023

THE SPRINGFIELD INTERNATIONAL CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended June 30, 2023

SUMMARY OF AUDIT RESULTS

1. The Auditors' report expresses an unmodified opinion on whether the financial statements of The Springfield International Charter School were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of The Springfield International Charter School, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over the major federal award program was reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance. No material weaknesses are reported.
5. The Auditors' report on compliance for the major federal award program for The Springfield International Charter School expresses an unmodified opinion on the major federal program.
6. There are no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The program tested as the major program was the Elementary and Secondary School Emergency Relief Fund 84.425D.
8. The threshold used for distinguishing between Types A and B programs was \$750,000.
9. The Springfield International Charter School was determined to be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

THE SPRINGFIELD INTERNATIONAL CHARTER SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
for the year ended June 30, 2023

There were no audit findings reported in the prior year audit for the year ended June 30, 2022.



ACCEPTANCE OF THE BOARD OF TRUSTEES

We, the Board of Trustees of The Springfield International Charter School or its designee, have voted to accept the representations of management and the expression of the opinions made by MP, P.C. as embodied in the financial statements and independent auditors' reports for the years ended June 30, 2023 and 2022.

We also certify that the representations made by management and the disclosures in the financial statements are accurate and have been correctly and completely disclosed as required by accounting principles generally accepted in the United States of America and the Commonwealth of Massachusetts Charter School Audit Guide for the periods ended June 30, 2023 and 2022.

Board President or Treasurer or Other Designated Person

October 19, 2023

Date